

Message Text

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21

ORIGIN AF-06

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FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

C O N F I D E N T I A L STATE 182228

STADIS //

E.O. 11652: GDS

TAGS: EFIN, ZA

SUBJECT: EXIM LENDING POLICY

FOR AMBASSADOR WILKOWSKI FROM BLAKE

REFERENCE: LUSAKA 1430

1. AF HAS BEEN IN TOUCH WITH EXIM REGARDING BANK'S REQUIRE
MENT FOR GRZ GUARANTEES OF LOANS TO COPPER COMPANIES. YOUR
CONCERN THAT EXIM'S POSITION MAY COMPLICATE US-ZAMBIAN RE-
LATIONS FULLY UNDERSTANDABLE. HOWEVER, HAVING REVIEWED
ALL MESSAGES ON SUBJECT, WE FIND IT DIFFICULT TO FAULT
EXIM'S REASONING. SPECIFICALLY, I AM PUZZLED AS TO WHY
GRZ SHOULD INSIST COPPER COMPANIES ARE, INDEED, INDEPENDENT
OF GRZ AND THAT LATTER DOES NOT EXERCISE "EFFECTIVE" CONTRO
OVER THEM WHEN PLAIN INTENT OF GRZ MAJORITY PARTICIPATION
WAS TO ASSURE SUCH CONTROL. IN ANY SHOWDOWN, GRZ DESIRES
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AS AGAINST THOSE OF MINORITY SHAREHOLDERS WOULD SURELY BE

DECISIVE IN SUCH KEY MANAGEMENT AREAS AS MARKETING AND PRIC
POLICY, EXPANSION, AND CHANGES IN CAPITAL STRUCTURE, IN-
CLUDING INCREASE IN DEBT.

2. GRZ WOULD APPEAR TO WANT IT BOTH WAYS. IT WANTS BENE-
FITS WHICH MAJORITY OWNERSHIP AND MANAGEMENT CONTROL
NORMALLY CONFER WHILE HOPING THAT POTENTIAL LENDERS WILL
BUY POSITION THAT NOTHING FUNDAMENTAL CHANGED WITH GRZ
ASSUMPTION 51 PERCENT EQUITY PARTICIPATION IN 1970. WITH
RESPECT TO LATTER, ABROGATION IN NOVEMBER 1974 OF MANAGE-
MENT AND SALES CONTRACTS PROVES PRECISELY THE OPPOSITE, AS
DOES TOP LEVEL COMPANY MANAGEMENT CHANGES BY GRZ.

3. WISH WE COULD HELP YOU ON THIS ONE BUT WE BELIEVE EXIM
HAS ASSESSED SITUATION CORRECTLY.

4. EX-IM IS EXPLORING SUCH POSSIBILITIES AS HAVING AN
EX-IM REPRESENTATIVE VISIT LUSAKA TO EXPLAIN ITS POSITION
IN DETAIL OR OF REQUESTING A MEETING WITH AMB.
MWALE FOR THIS SAME PURPOSE. DEPT. WILL INFORM YOU BY
SEPTEL OF ANY DEVELOPMENTS ALONG THESE LINES. INGERSOLL

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Message Attributes

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